

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Reviewed only, not audited in accordance with generally accepted auditing standards as of**  
**September 30, 2020 and 2019**

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2020, December 31, 2019, and September 30, 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>September 30, 2020</b>		<b>December 31, 2019</b>		<b>September 30, 2019</b>		
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	
<b>Assets</b>							
<b>Current assets:</b>							
1100	Cash and cash equivalents	\$ 34,246,433	20	24,184,332	16	27,933,358	17
1110	Financial assets measured at fair value through profit or loss – current	1,564,116	1	1,271,742	1	2,300,120	1
1120	Financial assets measured at fair value through other comprehensive income – current	86,599	-	100,313	-	87,918	-
1140	Contract assets – current	476,150	-	420,882	-	360,354	-
1170	Notes and accounts receivable, net	58,323,900	34	49,398,044	32	49,556,993	30
1180	Accounts receivable from related parties	36,668	-	41,201	-	3,053	-
1200	Other receivables	546,506	1	550,769	-	757,679	1
1220	Current income tax assets	407,696	-	314,898	-	405,790	-
130X	Inventories	37,698,378	22	41,034,471	26	44,157,578	27
1470	Other current assets	<u>3,837,411</u>	<u>2</u>	<u>4,412,422</u>	<u>3</u>	<u>4,045,865</u>	<u>3</u>
	<b>Total current assets</b>	<u>137,223,857</u>	<u>80</u>	<u>121,729,074</u>	<u>78</u>	<u>129,608,708</u>	<u>79</u>
<b>Non-current assets:</b>							
1517	Financial assets measured at fair value through other comprehensive income – non-current	5,333,527	3	5,146,642	3	4,808,210	3
1550	Investments accounted for using the equity method	1,006,640	-	944,958	1	1,042,248	1
1600	Property, plant and equipment	3,503,831	2	3,561,644	2	3,626,404	2
1755	Right-of-use assets	1,943,427	1	1,948,343	1	2,015,823	1
1760	Investment property	1,129,079	1	1,129,350	1	1,113,707	1
1780	Intangible assets	16,527,902	10	16,930,072	11	17,324,942	11
1840	Deferred income tax assets	1,528,449	1	1,551,795	1	867,630	-
1900	Other non-current assets	1,795,761	1	1,996,859	1	1,894,036	1
1980	Other financial assets – non-current	<u>1,023,757</u>	<u>1</u>	<u>1,157,827</u>	<u>1</u>	<u>1,117,662</u>	<u>1</u>
	<b>Total non-current assets</b>	<u>33,792,373</u>	<u>20</u>	<u>34,367,490</u>	<u>22</u>	<u>33,810,662</u>	<u>21</u>
	<b>Total assets</b>	<u>\$ 171,016,230</u>	<u>100</u>	<u>156,096,564</u>	<u>100</u>	<u>163,419,370</u>	<u>100</u>

(Continued)

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September 30, 2020 and 2019

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets (Continued)**

**September 30, 2020, December 31, 2019, and September 30, 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>September 30, 2020</u>		<u>December 31, 2019</u>		<u>September 30, 2019</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<b>Liabilities and Equity</b>							
<b>Current liabilities:</b>							
2100	\$ 1,253,596	1	1,505,587	1	1,109,318	1	
2120	Financial liabilities measured at fair value through profit or loss – current	1,051,532	1	449,052	-	344,901	-
2130	Contract liabilities – current	2,396,888	1	1,832,271	1	807,350	-
2170	Notes and accounts payable	44,716,755	26	35,223,814	23	39,678,307	24
2200	Other payables	27,226,028	16	24,711,860	16	28,573,555	18
2250	Provisions – current	5,459,802	3	4,953,980	3	5,126,874	3
2280	Lease liabilities – current	612,407	-	598,743	-	623,112	-
2322	Current portion of long-term debt	17,824	-	9,627	-	3,976	-
2365	Refund liabilities – current	14,688,637	9	12,441,200	8	12,822,282	8
2399	Other current liabilities	4,449,270	3	2,747,123	2	2,726,668	2
	<b>Total current liabilities</b>	<u>101,872,739</u>	<u>60</u>	<u>84,473,257</u>	<u>54</u>	<u>91,816,343</u>	<u>56</u>
<b>Non-current liabilities:</b>							
2527	Contract liabilities – non-current	707,237	-	662,672	-	1,458,089	1
2540	Long-term debt	3,397,220	2	5,834,188	4	5,812,083	4
2550	Provisions – non-current	31,320	-	32,096	-	37,748	-
2570	Deferred income tax liabilities	2,562,318	2	2,525,953	2	1,773,711	1
2580	Lease liabilities – non-current	1,433,822	1	1,409,264	1	1,443,413	1
2600	Other non-current liabilities	2,051,280	1	1,963,895	1	1,786,887	1
	<b>Total non-current liabilities</b>	<u>10,183,197</u>	<u>6</u>	<u>12,428,068</u>	<u>8</u>	<u>12,311,931</u>	<u>8</u>
	<b>Total liabilities</b>	<u>112,055,936</u>	<u>66</u>	<u>96,901,325</u>	<u>62</u>	<u>104,128,274</u>	<u>64</u>
<b>Equity:</b>							
3110	Common stock	30,478,538	18	30,749,338	20	30,749,338	19
3200	Capital surplus	27,271,786	16	28,152,962	18	27,939,368	17
Retained earnings:							
3310	Legal reserve	853,852	1	587,602	-	587,602	-
3320	Special reserve	3,976,265	2	2,940,572	2	2,940,572	2
3350	Unappropriated retained earnings	4,050,416	2	2,668,082	2	2,295,169	1
3400	Other equity	(6,212,496)	(4)	(4,342,227)	(3)	(3,191,904)	(2)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(2)	(2,914,856)	(2)
	<b>Equity attributable to shareholders of the Parent</b>	<u>57,503,505</u>	<u>33</u>	<u>57,841,473</u>	<u>37</u>	<u>58,405,289</u>	<u>35</u>
36XX	<b>Non-controlling interests</b>	<u>1,456,789</u>	<u>1</u>	<u>1,353,766</u>	<u>1</u>	<u>885,807</u>	<u>1</u>
	<b>Total equity</b>	<u>58,960,294</u>	<u>34</u>	<u>59,195,239</u>	<u>38</u>	<u>59,291,096</u>	<u>36</u>
	<b>Total liabilities and equity</b>	<u>\$ 171,016,230</u>	<u>100</u>	<u>156,096,564</u>	<u>100</u>	<u>163,419,370</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

	For the three months ended September 30				For the nine months ended September 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Net revenue</b>	\$ 80,063,769	100	62,870,297	100	194,493,919	100	172,701,074	100
5000	<b>Cost of revenue</b>	(71,663,946)	(89)	(56,207,007)	(89)	(174,004,955)	(89)	(154,331,535)	(89)
	<b>Gross profit</b>	8,399,823	11	6,663,290	11	20,488,964	11	18,369,539	11
	<b>Operating expenses :</b>								
6100	Selling expenses	(3,797,992)	(5)	(3,992,860)	(7)	(10,434,374)	(5)	(11,141,957)	(7)
6200	General and administrative expenses	(1,225,010)	(1)	(1,223,980)	(2)	(3,386,973)	(2)	(3,362,941)	(2)
6300	Research and development expenses	(614,608)	(1)	(692,701)	(1)	(1,810,866)	(1)	(2,013,846)	(1)
	<b>Total operating expenses</b>	(5,637,610)	(7)	(5,909,541)	(10)	(15,632,213)	(8)	(16,518,744)	(10)
6500	<b>Other operating income and expenses, net</b>	148,907	-	21,127	-	199,959	-	61,732	-
	<b>Operating income</b>	2,911,120	4	774,876	1	5,056,710	3	1,912,527	1
	<b>Non-operating income and loss:</b>								
7100	Interest income	69,322	-	105,108	-	258,770	-	367,359	-
7010	Other income	219,070	-	195,239	-	219,070	-	195,239	-
7020	Other gains and losses — net	93,168	-	560,704	1	234,853	-	810,738	1
7050	Finance costs	(38,073)	-	(40,507)	-	(118,453)	-	(137,896)	-
7060	Share of income (losses) of associates and joint ventures	(7,160)	-	(30,553)	-	22,402	-	(52,224)	-
	<b>Total non-operating income and loss</b>	336,327	-	789,991	1	616,642	-	1,183,216	1
7900	<b>Income before taxes</b>	3,247,447	4	1,564,867	2	5,673,352	3	3,095,743	2
7950	<b>Income tax expense</b>	(929,548)	(1)	(377,769)	-	(1,577,110)	(1)	(779,100)	(1)
	<b>Net income</b>	2,317,899	3	1,187,098	2	4,096,242	2	2,316,643	1
	<b>Other comprehensive income (loss):</b>								
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>								
8311	Remeasurements of defined benefit plans	286	-	-	-	2,987	-	(1,881)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(356,710)	(1)	167,035	-	(158,171)	-	570,387	-
8320	Share of other comprehensive income (losses) of associates	-	-	-	-	42	-	(24)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-	(245)	-	-	-
	<b>Total items that will not be reclassified to profit or loss</b>	(356,424)	(1)	167,035	-	(155,387)	-	568,482	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign operations	(245,710)	-	(982,124)	(1)	(1,714,635)	(1)	(391,617)	-
8370	Share of other comprehensive income (losses) of associates	108	-	(61)	-	(3,461)	-	(12)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	(245,602)	-	(982,185)	(1)	(1,718,096)	(1)	(391,629)	-
	<b>Other comprehensive income (loss), net of taxes</b>	(602,026)	(1)	(815,150)	(1)	(1,873,483)	(1)	176,853	-
	<b>Total comprehensive income for the period</b>	\$ <u>1,715,873</u>	<u>2</u>	<u>371,948</u>	<u>1</u>	\$ <u>2,222,759</u>	<u>1</u>	<u>2,493,496</u>	<u>1</u>
	<b>Net income (loss) attributable to:</b>								
8610	Shareholders of the Parent	\$ 2,284,716	3	1,176,450	2	\$ 4,037,260	2	2,291,517	1
8620	Non-controlling interests	33,183	-	10,648	-	58,982	-	25,126	-
		\$ <u>2,317,899</u>	<u>3</u>	<u>1,187,098</u>	<u>2</u>	\$ <u>4,096,242</u>	<u>2</u>	<u>2,316,643</u>	<u>1</u>
	<b>Total comprehensive income (loss) attributable to:</b>								
8710	Shareholders of the Parent	\$ 1,674,069	2	372,521	1	\$ 2,166,991	1	2,478,877	1
8720	Non-controlling interests	41,804	-	(573)	-	55,768	-	14,619	-
		\$ <u>1,715,873</u>	<u>2</u>	<u>371,948</u>	<u>1</u>	\$ <u>2,222,759</u>	<u>1</u>	<u>2,493,496</u>	<u>1</u>
	<b>Earnings per share (in New Taiwan dollars) :</b>								
9750	Basic earnings per share	\$ <u>0.76</u>		<u>0.39</u>		<u>1.34</u>		<u>0.76</u>	
9850	Diluted earnings per share	\$ <u>0.76</u>		<u>0.39</u>		<u>1.34</u>		<u>0.76</u>	

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the nine months ended September 30, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to shareholders of the Parent											Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Retained earnings					Other equity								
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Treasury stock			
<b>Balance at January 1, 2019</b>	\$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	(69,817)	(3,381,189)	(2,914,856)	58,268,094	718,192	58,986,286
Net income for the period	-	-	-	-	2,291,517	2,291,517	-	-	-	-	-	2,291,517	25,126	2,316,643
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(379,479)	568,079	(1,240)	187,360	-	187,360	(10,507)	176,853
Total comprehensive income (loss) for the period	-	-	-	-	2,291,517	2,291,517	(379,479)	568,079	(1,240)	187,360	-	2,478,877	14,619	2,493,496
Appropriation approved by the stockholders:														
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	(2,367,699)	-	(2,367,699)
Share of changes in equity of associates	-	44,821	-	-	-	-	-	-	-	-	-	44,821	-	44,821
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	36,051	-	36,051
Changes in ownership interests in subsidiaries	-	23,644	-	-	-	-	-	-	-	-	-	23,644	(23,644)	-
Issuance of common stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	76,523	76,523
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(78,499)	-	-	-	-	-	-	-	-	-	(78,499)	40,254	(38,245)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	84,252	84,252
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(24,389)	(24,389)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(1,925)	(1,925)	-	1,925	-	1,925	-	-	-	-
<b>Balance at September 30, 2019</b>	<b>\$ 30,749,338</b>	<b>27,939,368</b>	<b>587,602</b>	<b>2,940,572</b>	<b>2,295,169</b>	<b>5,823,343</b>	<b>(3,168,625)</b>	<b>47,778</b>	<b>(71,057)</b>	<b>(3,191,904)</b>	<b>(2,914,856)</b>	<b>58,405,289</b>	<b>885,807</b>	<b>59,291,096</b>
<b>Balance at January 1, 2020</b>	<b>\$ 30,749,338</b>	<b>28,152,962</b>	<b>587,602</b>	<b>2,940,572</b>	<b>2,668,082</b>	<b>6,196,256</b>	<b>(4,187,394)</b>	<b>133,070</b>	<b>(287,903)</b>	<b>(4,342,227)</b>	<b>(2,914,856)</b>	<b>57,841,473</b>	<b>1,353,766</b>	<b>59,195,239</b>
Net income for the period	-	-	-	-	4,037,260	4,037,260	-	-	-	-	-	4,037,260	58,982	4,096,242
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(1,716,464)	(156,394)	2,589	(1,870,269)	-	(1,870,269)	(3,214)	(1,873,483)
Total comprehensive income (loss) for the period	-	-	-	-	4,037,260	4,037,260	(1,716,464)	(156,394)	2,589	(1,870,269)	-	2,166,991	55,768	2,222,759
Appropriation approved by the stockholders:														
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)	-	(1,352,971)
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)	-	(1,014,728)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416	-	36,416
Share of changes in equity of associates	-	67,855	-	-	-	-	-	-	-	-	-	67,855	20,963	88,818
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)	-	(361,943)
Retirement of treasury stock	(270,800)	(91,143)	-	-	-	-	-	-	-	-	361,943	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	120,424	-	-	-	-	-	-	-	-	-	120,424	102,211	222,635
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)	12	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	250	250
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(76,181)	(76,181)
<b>Balance at September 30, 2020</b>	<b>\$ 30,478,538</b>	<b>27,271,786</b>	<b>853,852</b>	<b>3,976,265</b>	<b>4,050,416</b>	<b>8,880,533</b>	<b>(5,903,858)</b>	<b>(23,324)</b>	<b>(285,314)</b>	<b>(6,212,496)</b>	<b>(2,914,856)</b>	<b>57,503,505</b>	<b>1,456,789</b>	<b>58,960,294</b>

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**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2020	2019
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 5,673,352	3,095,743
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation	806,126	908,348
Amortization	176,357	253,876
Net loss (income) on financial assets measured at fair value through profit or loss	735	(18,636)
Interest expense	118,453	137,896
Interest income	(258,770)	(367,359)
Dividend income	(219,070)	(195,239)
Share of (income) losses of associates and joint ventures	(22,402)	52,224
Loss (Gain) on disposal of equipment and intangible assets	(3,035)	785
Gain on liquidation of subsidiaries	(615)	-
<b>Total adjustments for profit and loss</b>	597,779	771,895
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Derivative financial instruments measured at fair value through profit or loss	325,906	(515,128)
Contract assets	(55,268)	35,881
Notes and accounts receivable	(8,869,774)	(2,166,383)
Receivables from related parties	4,533	31,570
Inventories	3,317,207	(2,090,212)
Other receivables and other current assets	596,264	62,870
Other non-current assets	(9,409)	(39,030)
<b>Changes in operating assets</b>	(4,690,541)	(4,680,432)
<b>Changes in operating liabilities:</b>		
Contract liabilities	609,182	653,685
Notes and accounts payable	9,492,941	(401,046)
Other payables and other current liabilities	2,999,311	3,651,136
Provisions	505,046	(110,971)
Refund liabilities	2,247,437	118,416
Other non-current liabilities	90,127	105,544
<b>Changes in operating liabilities</b>	15,944,044	4,016,764
Cash provided by operations	17,524,634	3,203,970
Interest received	241,780	355,143
Income taxes paid	(218,653)	(1,141,552)
<b>Net cash flows provided by operating activities</b>	17,547,761	2,417,561

(Continued)

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**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

**For the nine months ended September 30, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets measured at fair value through other comprehensive income	(356,940)	-
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	-	7,967
Proceeds from repayments of financial assets measured at fair value through profit or loss	-	61,307
Purchase of financial assets measured at fair value through profit or loss	(280,579)	(1,329,782)
Proceeds from disposal of financial assets measured at fair value through profit or loss	267,856	11,249
Acquisition of investments accounted for using the equity method	-	(101,526)
Additions to property, plant and equipment and investment property	(261,888)	(158,207)
Proceeds from disposal of property, plant and equipment	68,392	6,448
Additions to intangible assets	(164,374)	(252,959)
Proceeds from disposal of intangible assets	-	10,424
Net cash flow from disposal of subsidiaries	31	-
Decrease (Increase) in other financial assets	77,988	(2,432)
Dividends received	258,514	228,393
<b>Net cash flows used in investing activities</b>	<b>(391,000)</b>	<b>(1,519,118)</b>
<b>Cash flows from financing activities:</b>		
Increase (Decrease) in short-term borrowings	(177,443)	454,840
Increase in long-term debt	79,771	5,800,000
Repayment of long-term debt	(2,510,594)	(3,303,480)
Payment of lease liabilities	(393,830)	(489,187)
Cash dividends	(1,332,162)	(2,331,648)
Cash distributed from capital surplus	(999,121)	-
Payments to acquire treasury stock	(361,943)	-
Cash dividends paid to non-controlling interests by subsidiaries	(76,181)	(24,389)
Issuance of common stock from employee stock options by subsidiaries	-	76,523
Additions to interests in subsidiaries	-	(93,759)
Disposal of ownership interests in subsidiaries (without losing control)	222,635	55,514
Increase in non-controlling interests	250	84,252
Interest paid	(112,015)	(133,013)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(5,660,633)</b>	<b>95,653</b>
<b>Effect of foreign exchange rate changes</b>	<b>(1,434,027)</b>	<b>(343,776)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,062,101</b>	<b>650,320</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>24,184,332</b>	<b>27,283,038</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 34,246,433</b>	<b>27,933,358</b>